2017

Mar

A BETTER BOTTOM LINE FOR COMMUNITY FOREST ENTERPRISES

Shoana Humphries | Research Associate

Rural families and communities control about a third of forests in developing countries[i], and many of them are engaged in forest-based enterprises (e.g., family businesses, associations, cooperatives). These enterprises manage forests and are important partners in fighting climate change. They also sell a variety of forest products and services. However, these enterprises are often missing a critical feature: profit. We've found a way to help them improve their bottom line, and we want to share it with you.

[responsive_img imageid="6431" size1="0" size2="481" size3="961" size4="1441" sizes="sidebar"]

Green Value is a program that I and Dr. Thomas Holmes of the US Forest Service designed to help family and community forest enterprises and their collaborators monitor and analyze costs and income. Our aim is to help empower these enterprises to make better decisions and be financially viable in the long-term. We have been training people across the Amazon region in Green Value since 2012. Now I am excited to share Green Value with you through our new multilingual website www.green-value.org. On the site you'll find a variety of resources, including a short video, an updated version of the Green Value User's Guide and worksheets for monitoring and analyzing costs and income, and a Green Value Facilitator's Kit for trainings. The materials are available in English, Spanish, and Portuguese. What impact is Green Value having? For many initiatives, using Green Value provides the first accurate picture of their expenses and income. A great example comes from Nelly Arroyo, who runs a family bamboo enterprise with her husband in Ecuador. When Nelly first analyzed her bamboo business in a Green Value workshop in 2014, she was surprised at how big its labor and transport costs were. When Nelly and her husband started a new bamboo business the following year, they bought equipment to reduce labor costs and, instead of retrieving bamboo from suppliers, had it delivered. Nelly recently shared with us that she continues to use Green Value to monitor costs for bamboo poles, and the insights gained from it have helped increase profitability by 43%. Another example is the Mixed Cooperative of the Tapajos National Forest (Coomflona), a community forestry initiative in the Brazilian Amazon. Coomflona staff, other collaborators, and I used Green Value to analyze the cooperative's financial data for timber harvests in 2007, 2011, and 2013. The analyses found that **the cooperative was highly profitable**, with rates of return that increased from 11% in 2007 to 92% in 2013. Furthermore, we documented that in 2013 the cooperative's timber harvest **generated over USD 1.5 million for local communities**. This amount includes wages to local

permanent and temporary workers, the purchase of goods and services from local businesses, and profits, which were reinvested in the cooperative's other community activities and distributed to various funds (e.g., for education, health). Nelly and Coomflona staff are among almost 250 people to date in Bolivia, Brazil, Colombia, Ecuador, Peru, and Guatemala that I and partners have trained in how to use Green Value. During three-day workshops the trainees used the Green Value worksheets to analyze the financial viability of some 40 different products, including timber and non-timber forest products, like Brazil nuts, and services, like tourism and carbon credits. We are following up with a selected group of trainees and will share how they are using Green Value and how it has impacted them in case studies to be published later this year. Those interested in using Green Value needn't wait for a workshop. The Green Value User's Guide has detailed explanations and illustrations of the six steps for using the worksheets to collect and analyze costs and revenues. When you get to step 5, the reward is an exciting array of results, including the cost per activity, cost per unit sold, net income, and rate of return. This information is helpful for better negotiating fair prices, strengthening financial management and transparency, accessing finance, and fortifying the sustainability of businesses. And the new Green Value Facilitator's Kit, which was developed with the International Network for Bamboo and Rattan, makes it easy for users to train others to use Green Value as well. I hope you will visit www.green-value.org for more information on Green Value, and please drop me a line to let me know how your use of the materials goes! *EII is grateful to USAID and the US Forest Service's Office of International Programs for their generous support of this work.* [i] RRI. 2012. What Rights? A Comparative Analysis of Developing Countries' National Legislation on Community and Indigenous Peoples' Forest Tenure Rights. Washington DC: Rights and Resources Initiative.

Em Português

En Español